

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Administrative Office	(2) MEETING DATE 5/17/2016	(3) CONTACT/PHONE Nikki J. Schmidt 805/781-5496
(4) SUBJECT Submittal of the FY 2015-16 Third Quarter Financial Status Report. All Districts.		
<p>(5) RECOMMENDED ACTION It is recommended that the Board of Supervisors:</p> <ol style="list-style-type: none"> 1. Receive, review, and file the Fiscal Year 2015-16 Third Quarter Financial Status Report; 2. Accept cash donations in the amount of \$5,780.50 made on behalf of Fund Center 305 – Parks; 3. Accept cash donations in the amount of \$35,907.70 and authorize an associated budget adjustment from the Library's Gift Trust Fund to the Fund Center 377 – Library operating budget; 4. Accept cash donations in the amount of \$10,378.50 on behalf of Fund Center 137 – Animal Services; 5. Accept a cash donation in the amount of \$5,015.63 made on behalf of Fund Center 132 – District Attorney for deposit into the Cindy Soto-Pinto Victim Emergency Fund; 6. Approve a request from Fund Center 180 - Social Services for relief from accountability for uncollectable debt totaling \$16,524.70; 7. Approve a budget adjustment in the amount of \$140,000 to transfer funds between Fund Center 245 – Roads to Fund Center 248 – Road Impact Fees to cover anticipated revenue shortfall for the Vineyard Drive overpass debt service; 8. Approve a budget adjustment in the amount of \$560,338 to reallocate capital project savings to projects currently in design or construction in Fund Center 245 – Roads; 9. Approve miscellaneous budget adjustments totaling \$2,201,425 (summarized on page 22-23 of the attached report) resulting from unbudgeted year-end costs; 10. Approve a request from Fund Center 407 - Fleet Services to declare 21 vehicles as surplus, authorize their removal from the County fleet, and authorize their sale to recover salvage value in accordance with County Code Section 2.36.030(5); 11. Direct the Auditor-Controller-Treasurer-Tax Collector-Public Administrator pertaining to the financing of the 2009 Series A Pension Obligation Bonds (POB) per the recommended actions contained in Attachment 9; and approve a budget adjustment in the amount of \$9,688,657 to transfer funds from the General Fund POB designation to the POB debt service fund where it will be used to increase the amount set aside to pay off the 2009 Series A Pension Obligation Bonds; 12. Approve an amendment to the Fixed Asset List for Fund Center 407 – Fleet Services to add a tire changer in the amount of \$8,999; 13. Approve an amendment to the Fixed Asset List for Fund Center 138 – Emergency Services to add a copier for the Emergency Operations Center in the amount of \$10,480; 14. Approve an amendment to the Fixed Asset List for FC 136 – Sheriff-Coroner to add a ProHawk HDMI 3G video enhancement device in the amount of \$8,782 and a Polaris Off-Road vehicle in the amount of \$21,402; and 		

15. Approve an amendment to the Fixed Asset List for FC 377 – Library to add a microfiche scanner in the amount of \$10,437.			
Recommendations 2 through 11 require a 4/5 vote of the Board.			
(6) FUNDING SOURCE(S) Donations, General Fund contingencies, unanticipated revenue and expenditure savings	(7) CURRENT YEAR FINANCIAL IMPACT Donations - \$57,082.33 General Fund - \$905,789 Unanticipated revenue & expenditure savings - \$1,295,636	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? No
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input checked="" type="checkbox"/> Board Business (Time Est. <u>30 minutes</u>)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: 1516138, 1516140, 1516141, 1516143, 1516146, 1516149, 1516150, 1516155, 1516161 <input checked="" type="checkbox"/> 4/5 Vote Required <input type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A Date: _____	
(17) ADMINISTRATIVE OFFICE REVIEW This item was prepared by the Administrative Office			
(18) SUPERVISOR DISTRICT(S) All Districts			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Nikki J. Schmidt, Administrative Office

DATE: 5/17/2016

SUBJECT: Submittal of the FY 2015-16 Third Quarter Financial Status Report. All Districts.

RECOMMENDATION

It is recommended that the Board of Supervisors:

1. Receive, review, and file the Fiscal Year 2015-16 Third Quarter Financial Status Report;
2. Accept cash donations in the amount of \$5,780.50 made on behalf of Fund Center 305 – Parks;
3. Accept cash donations in the amount of \$35,907.70 and authorize an associated budget adjustment from the Library's Gift Trust Fund to the Fund Center 377 – Library operating budget;
4. Accept cash donations in the amount of \$10,378.50 on behalf of Fund Center 137 – Animal Services;
5. Accept a cash donation in the amount of \$5,015.63 made on behalf of Fund Center 132 – District Attorney for deposit into the Cindy Soto-Pinto Victim Emergency Fund;
6. Approve a request from Fund Center 180 - Social Services for relief from accountability for uncollectable debt totaling \$16,524.70;
7. Approve a budget adjustment in the amount of \$140,000 to transfer funds between Fund Center 245 – Roads to Fund Center 248 – Road Impact Fees to cover anticipated revenue shortfall for the Vineyard Drive overpass debt service;
8. Approve a budget adjustment in the amount of \$560,338 to reallocate capital project savings to projects currently in design or construction in Fund Center 245 – Roads;
9. Approve miscellaneous budget adjustments totaling \$2,201,425 (summarized on page 22-23 of the attached report) resulting from unbudgeted year-end costs.;
10. Approve a request from Fund Center 407 - Fleet Services to declare 21 vehicles as surplus, authorize their removal from the County fleet, and authorize their sale to recover salvage value in accordance with County Code Section 2.36.030(5);
11. Direct the Auditor-Controller-Treasurer-Tax Collector-Public Administrator pertaining to the financing of the 2009 Series A Pension Obligation Bonds (POB) per the recommended actions contained in Attachment 9; and approve a budget adjustment in the amount of \$9,688,657 to transfer funds from the General Fund POB designation to the POB debt service fund where it will be used to increase the amount set aside to pay off the 2009 Series A Pension Obligation Bonds.
12. Approve an amendment to the Fixed Asset List for Fund Center 407 – Fleet Services to add a tire changer in the amount of \$8,999;

13. Approve an amendment to the Fixed Asset List for Fund Center 138 – Emergency Services to add a copier for the Emergency Operations Center in the amount of \$10,480;
14. Approve an amendment to the Fixed Asset List for FC 136 – Sheriff-Coroner to add a ProHawk HDMI 3G video enhancement device in the amount of \$8,782 and a Polaris Off-Road vehicle in the amount of \$21,402; and
15. Approve an amendment to the Fixed Asset List for FC 377 – Library to add a microfiche scanner in the amount of \$10,437.

Recommendations 2 through 11 require a 4/5 vote of the Board.

Details for these items can be found in Section 4 of the Report.

DISCUSSION

Overview

This report is intended to provide the Board of Supervisors and the public with an overview of the County's financial performance through the Third Quarter of Fiscal Year (FY) 2015-16. The Third Quarter Financial Status Report presented to the Board contains exception only reporting (i.e. no mention is made if the financial status of the fund center is within expected parameters). This Financial Status Report contains an overview of the drivers behind the significant variance between budgeted and actual use of General Fund dollars in the third quarter time frame of January 1, 2016 through March 31, 2016.

The report is divided into six sections:

- **Section 1** - Provides an overview of the County's financial position at the end of the third quarter, as well as brief summaries of noteworthy departmental fiscal and operational issues.
- **Section 2** - Provides a big picture analysis of third quarter revenue receipts by category (e.g., taxes, charges for services, etc.) and fund (e.g., General Fund, Road Fund, etc.) as well as a review of contingency, designation, and reserve activity.
- **Section 3** - Provides a summary of all personnel changes approved by the Board of Supervisors, or made administratively by the Human Resources Department during the third quarter.
- **Section 4** - Provides a summary of miscellaneous financial items for the Board's consideration, such as requests from departments for acceptance of gift funds and donations, discharge of bad debt, fixed assets, miscellaneous budget adjustments, and surplus and disposal of surplus vehicles (details are provided in Attachments 2 through 6).
- **Section 5** - Provides an update on the capital improvement and maintenance projects managed by Public Works, Airports, Parks and Recreation and Golf (details are provided in Attachment 7).
- **Section 6** - Provides the annual Debt Review and financing plan recommendations for the Pension Obligation Bonds from the Auditor-Controller-Treasurer-Tax Collector-Public Administrator (ACTTCPAPA) (the memo from the ACTTCPA is included in Attachment 9). The report confirms that the County is in compliance with legal debt limitations and comments on the County's overall debt (the memo from the ACTTCPA is included in Attachment 8).

Executive Summary

Overall spending levels and revenue receipts at the end of the third quarter for FY 2015-16 were generally on track and consistent with the prior year. General Fund expenditure levels were slightly higher than at the same time in the prior fiscal year (66% vs. 63%). General Fund revenues were realized at 60% of budget, the same level at the end of the third quarter in the prior fiscal year. This level of revenue realization is typical for the third quarter due to the time lag involved in billing cycles and the receipt of reimbursements. Some of the largest revenue sources, such as property taxes, are realized late in the fiscal year.

The third quarter is typically when County departments make year-end adjustments. Approximately \$8.3 million in unbudgeted expenditures are projected through year end. County departments report that they expect to absorb 89% or approximately \$7.4 million of this through a combination of expenditure savings and unanticipated revenue. The balance of the expenditures is proposed to be covered with \$905,789 from General Fund contingencies.

Of the \$8.3 million in unbudgeted expenditures, approximately \$6.9 million (83%) is due to prevailing wage adjustments granted in FY 2014-15. As noted, departmental savings will be the primary source of funding for unbudgeted expenditures associated with the compensation increases. To the extent departmental savings are not available to cover the unbudgeted expenditures, staff recommends that your Board authorize a transfer of the deficient amount out of General Fund contingencies to the departmental operating budgets, as needed, as part of the Third Quarter Financial Status Report. The majority of County departments report that they expect to absorb the prevailing wage expense with the exception of the Sheriff-Coroner.

Additional detail on the County's financial position at the end for of the third quarter and a summary of noteworthy financial and operational issues are included in Section 1 of the attached report (Attachment 1).

OTHER AGENCY INVOLVEMENT/IMPACT

All departments contributed to the development of this report. The Administrative Office, Human Resources, and the ACTTCPA compiled data from departments and other sources for the report. Public Works, Airports, Parks and Recreation and Golf prepared the attached updates on capital and maintenance projects and the ACTTCPA prepared the Annual Debt Review and financing recommendations for the Pension Obligation Bonds.

FINANCIAL CONSIDERATIONS

Approval of the above recommendations will have a total impact to the General Fund of \$905,789 resulting from unbudgeted year-end costs. Of the \$905,789, \$520,000 is needed to cover the wage and benefit adjustments for the Sheriff-Coroner. The remaining \$385,789 in General Fund comprises \$350,000 for County Counsel for unbudgeted litigation expenses and \$35,789 for Facilities Management for unbudgeted expenditures. A total of \$1,285,636 of other budget adjustments in various departments is also requested with no impact to the General Fund. Details on these adjustments are provided in Section 4 of the Third Quarter Financial Status Report and the associated Attachment 4.

Approval of the recommendations will also allow for a total of \$57,082 in gift funds and donations to be accepted on behalf of the Parks and Recreation, Library, Animal Services, and District Attorney; and will discharge a total of \$16,524 of bad debt on behalf of the Department of Social Services.

RESULTS

This report provides the Board of Supervisors and the public with an overview of the County's financial position at the end of the third quarter of FY 2015-16 thereby contributing to a well-governed community.

ATTACHMENTS

1. Attachment #1 - FY 2015-16 Third Quarter Financial Status Report
2. Attachment #2 - Acceptance of Gift Funds
3. Attachment #3 - Relief from Accountability
4. Attachment #4 - Miscellaneous Adjustments
5. Attachment #5 - Requests to Amend Fixed Asset Lists
6. Attachment #6 - Declaration of Surplus Vehicles
7. Attachment #7 - Capital and Maintenance Project Updates
8. Attachment #8 - Annual Debt Review
9. Attachment #9 - Pension Obligation Bonds